Central Bank of Iraq

Financial Statements and Independent Auditor’s Report

31 December 2025

Contents

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Independent auditor's report

To the Governor of
Central Bank of Iraq
Baghdad, Iraq

Opinion

We have audited the financial statements of the Central Bank of Iraq (the "Bank") which comprise the statement of financial position as of 31 December 2025, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as of 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Iraq, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank as of and for the year ended 31 December 2024 were audited by another auditor, whose auditor's report dated 17 April 2025 expresses an unmodified opinion on those financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of Foreign Reserves and Gold Reserve

Key audit matter

As of 31 December 2025, the Bank holds significant foreign currency assets and gold reserves, representing a substantial portion of the total assets. These reserves are held to support monetary policy and provide liquidity. The valuation of these assets involves the application of accounting policies specific to the central bank framework and, in some cases, complex methodologies. Certain reserve components, such as foreign currency securities measured at fair value, gold valued with reference to international market prices, and market exchange rates, require the use of observable market data, valuation models, and foreign exchange conversion rates.

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Given the magnitude of the foreign reserves, the diversity of the instruments held, the reliance on external market information, and the potential for valuation uncertainty in less liquid markets, we considered the valuation and presentation of foreign reserves and gold reserves to be key audit matters.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Understanding and evaluating the Bank's reserve management processes.
- Assessing the design and operating effectiveness of controls over position reconciliation, valuation, and foreign exchange translation.
- Obtaining independent confirmations directly from foreign depository banks to verify existence and ownership.
- Independently benchmarking the exchange rates and gold prices used by the bank against external market data sources at the reporting date.
- Checking the mathematical accuracy of the translation of foreign currency balances into the functional currency.
- Observing the year end vault count of gold and foreign currencies.
- Evaluating disclosures relating to foreign and gold reserves, including accounting policies, valuation methodologies, and sensitivities to market movements, to determine whether they are appropriate.

Based on the procedures performed, we found the Bank's valuation of foreign reserves and gold reserves to be reasonable.

2. Expected Credit Losses (ECL) on Loans and Advances

Key audit matter

The Bank provides credit facilities to local governmental and commercial banks and holds sovereign debt securities. The determination of Expected Credit Losses under IFRS 9 requires significant management judgment and the use of complex models. Key judgments include:

- The assessment of a "Significant Increase in Credit Risk" (SICR) and the classification of exposures into stages.
- The evaluation of the credit quality of counterparties, including financial institutions participating in credit operations.
- The determination of probability of default (PD) and loss given default (LGD) assumptions, particularly where internal models or expert judgment are required; and
- The assessment of the valuation and enforceability of collateral, as collateral quality is a key input to the measurement of expected losses.
- The incorporation of forward-looking macroeconomic scenarios.

Given the magnitude of the Bank's credit exposures, the reliance on models and judgmental assumptions, and the significance of collateral valuation in the ECL determination, we considered the measurement of expected credit losses on loans and advances to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Understanding and evaluating the Bank's credit risk management framework, including processes for approving counterparties, monitoring exposures, and valuing collateral.
- Testing the design and operating effectiveness of key controls over credit risk classification, data inputs, collateral management, and the ECL calculation process.
- Assessing the staging of credit exposures, including reviewing the criteria for identifying significant increase in credit risk and evaluating whether staging was consistent with the Bank's policies and observable risk indicators.
- Evaluating the reasonableness of model-based assumptions, including PD, LGD, and exposure-at-default inputs, by comparing them to historical data, economic conditions, supervisory guidance, and industry benchmarks where applicable.
- Assessing the reasonableness of the macroeconomic forecasts used by management by comparing them to independent economic reports.
- Testing collateral values by verifying the existence of collateral and evaluating the Bank's valuation methodologies, haircuts, and the enforceability of collateral arrangements.

- Reperforming elements of the ECL calculation to assess whether the methodology was applied consistently and in accordance with the Bank's accounting policies.
- Reconciling the balances used in the calculations with the independent third-party confirmations obtained.
- Involving our internal IFRS 9 specialist to challenge the PD and LGD assumptions.
- Evaluating disclosures relating to credit risk, staging, key assumptions, and collateral to determine whether they are appropriate, transparent, and compliant with the applicable reporting framework, including credit risk sensitivity.

Based on the procedures performed, we found the Bank's ECL methodology and resulting provisions for loans and advances to be reasonable.

3. Management of Currency issued

Key audit matter

The Bank is responsible for issuing and managing the national currency in circulation. Currency issued represents a significant liability on the Bank's statement of financial position and is central to the Bank's statutory mandate and the functioning of the economy. The process for managing currency issued involves multiple operational steps, including production, secure storage, distribution, withdrawal, and destruction of banknotes. These processes rely on strong internal controls over inventory movements, custody arrangements, physical security, reconciliation procedures, and monitoring of authenticity and quality standards. Additionally, once the currency leaves the Bank's vaults, it is significantly difficult to track it accurately. Given the magnitude of currency issued, the complexity of the related operational processes, the reliance on robust controls to prevent misappropriation or loss, and the inherent risk associated with physical cash handling, we considered the management and reporting of currency issued to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Obtaining an understanding of the Bank's processes for the production, issuance, and withdrawal of currency, including controls over ordering, storage, transportation, and destruction of banknotes.
- Assessing the design and operating effectiveness of internal controls over the vault-to-circulation lifecycle, including the authorization process for issuing new currency and the destruction of unfit currency.
- Observing the year-end physical inventory counts of unissued banknotes and coins at the Bank's main vaults and regional branches to verify existence and condition.
- Performing a two-way reconciliation between the physical inventory records and the general ledger balances.
- Performing analytical procedures to assess trends in currency issuance and withdrawals, taking into account economic factors and historical patterns.
- Reviewing documentation relating to the destruction of unfit or obsolete banknotes, including approvals, destruction records, and reconciliation logs.
- Assessing the accounting treatment and disclosures relating to currency issued, including compliance with the Bank's financial reporting framework and transparency of the policies governing issuance and circulation.

Based on the procedures performed, we found the Bank's processes and controls related to the management and reporting of currency issued to be appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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8 April 2026

Statement of financial position

In millions of IQD	Note	As at 31 December 2025	As at 31 December 2024
Assets			
Gold reserve	4	31,493,414	17,837,890
Cash and balances with central banks	5	17,732,646	22,250,319
Balances at banks and other financial institutions	6	32,349,290	30,577,824
Financial assets at amortized cost	7	44,141,649	58,247,589
Loans to governmental and commercial banks	8	13,209,835	12,705,161
Due from Ministry of Finance	9	46,442,974	42,779,741
Property, plant and equipment	10	1,514,046	1,335,943
Intangible assets	11	6,443	20,727
Other assets	12	4,184,494	3,339,124
Total assets		191,074,791	189,094,318
Equity and liabilities			
Equity			
Capital	13	10,000,000	10,000,000
General reserve	14	11,033,063	6,310,317
Emergency reserve	14	7,288,587	6,107,901
Gold revaluation reserve	4	19,148,626	7,257,567
Lands and buildings revaluation reserve	15	346,119	346,119
Retained earnings	16	5,849,706	5,903,432
		53,666,101	35,925,336
Liabilities			
Currency issued	17	99,798,657	100,543,204
Treasury bills issued		-	152,393
Deposits of local banks and other financial institutions	18	34,039,698	44,155,267
Due to foreign governments and banks	19	53,740	51,393
Due to International Monetary Fund	20	22	22
Due to governmental institutions	21	2,907,511	7,884,955
Other liabilities	22	609,062	381,748
Total liabilities		137,408,690	153,168,982
Total equity and liabilities		191,074,791	189,094,318

The financial statements were approved on 31 March 2026 by:

Mr. Ali M. Ismaiel

Governor of the Central Bank of Iraq

Dr. Emad A. Alhammashi

Director General of the Accounting Directorate

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 59.

Statement of profit or loss and other comprehensive income

In millions of IQD	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenues			
Interest income	23	5,354,794	6,470,160
Interest expense		(329,244)	(682,294)
Net interest income		5,025,550	5,787,866
Net fees and commissions income	24	824,088	984,303
Gold revaluation gain	4	11,891,059	3,491,551
Other income		7,402	6,610
Gross profit		17,748,099	10,270,330
Expenses			
Personnel expenses		(88,093)	(48,506)
General and administrative expenses	25	(177,386)	(59,079)
Depreciation and amortization expense	10&11	(24,545)	(24,146)
Allowance for credit losses		(237,758)	(415,026)
Total expenses		(527,782)	(546,757)
Gain/ (Loss) from changes in exchange rates		520,448	(328,590)
Profit for the year		17,740,765	9,394,983
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the year		17,740,765	9,394,983

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 59.

Statement of changes in equity

In millions of IQD	Capital	General reserve	Emergency reserve	Gold revaluation reserve	Lands and buildings revaluation reserve	Retained earnings	Total
as at 1 January 2024	10,000,000	11,550,273	6,107,901	3,766,016	346,119	(5,239,956)	26,530,353
Transfers to reserves (note 14)	-	(5,239,956)	-	-	-	5,239,956	-
Gold revaluation reserve for the year	-	-	-	3,491,551	-	(3,491,551)	-
Profit for the year	-	-	-	-	-	9,394,983	9,394,983
Total comprehensive income for the year	-	-	-	3,491,551	-	5,903,432	9,394,983
as at 31 December 2024	10,000,000	6,310,317	6,107,901	7,257,567	346,119	5,903,432	35,925,336
as at 1 January 2025	10,000,000	6,310,317	6,107,901	7,257,567	346,119	5,903,432	35,925,336
Transfers to reserves (note 14)	-	4,722,746	1,180,686	-	-	(5,903,432)	-
Gold revaluation reserve for the year	-	-	-	11,891,059	-	(11,891,059)	-
Profit for the year	-	-	-	-	-	17,740,765	17,740,765
Total comprehensive income for the year	-	-	-	11,891,059	-	5,849,706	17,740,765
as at 31 December 2025	10,000,000	11,033,063	7,288,587	19,148,626	346,119	5,849,706	53,666,101

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 59.

Statement of cash flows

In millions of IQD	Year ended 31 December 2025	Year ended 31 December 2024
Cash flows from operating activities		
Profit for the year	17,740,765	9,394,983
Adjustments for:		
Depreciation of property and equipment	9,229	10,106
Amortization of intangible assets	15,316	14,040
Revaluation of Gold Reserve	(11,891,059)	(3,491,551)
Foreign currency exchange loss	(255,474)	(1,399,118)
Allowances for expected credit losses	237,758	415,026
Operating profit before working capital changes	5,856,535	4,943,486
Working capital changes:		
Change in deposits with maturity more than 3 months	555,121	10,470,299
Change in loans to governmental and commercial banks	(743,131)	(810,721)
Change in due from Ministry of Finance	(3,663,233)	1,118,921
Change in other assets	(842,296)	(114,533)
Change in currency issued	(744,547)	(937,818)
Change in deposits of local banks and other financial institutions	(10,387,734)	(21,345,139)
Change in due to foreign governments and banks	25,015	(662)
Change in due to governmental institutions	(4,977,463)	(2,852,442)
Change in other liabilities	226,378	(55,019)
Net cash (used in) operating activities	(14,695,355)	(9,583,628)
Cash flows from investing activities		
Change in financial assets at amortized cost	14,321,104	12,669,421
Acquisition of property and equipment	(187,332)	(129,758)
Acquisition of intangible assets	(1,032)	-
Acquisition of gold bullion	(1,764,465)	(2,050,892)
Net cash from investing activities	12,368,275	10,488,771
Cash flows from financing activities		
Treasury bills issued	(152,393)	2,886
Net cash (used in)/ from financing activities	(152,393)	2,886
Net (decrease)/ increase in cash and cash equivalents	(2,479,473)	908,029
Cash and cash equivalents at the beginning of the year	17,466,416	16,346,456
The impact of exchange rates on cash and cash equivalents	264,599	211,931
Cash and cash equivalents at the end of the year (note 26)	15,251,542	17,466,416

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 59.

Notes to the financial statements

1 Nature of operations and general information

The Central Bank of Iraq (the "Bank") is a governmental entity that was established under the Central Bank of Iraq Law Number (43) of 1947 as amended and carrying out its activities under the Central Bank Law Number 56 of 2004 as amended.

The primary objectives of the Bank are to achieve and maintain domestic price stability and to foster and maintain a stable and competitive market–based financial system. Subject to these objectives, the Bank shall promote sustainable growth, employment, and prosperity in Iraq.

In accordance with the Central Bank of Iraq Law, the main functions of the Bank in achieving its objectives include the following:

a) Formulate and implement monetary policy, including exchange rate policy.

b) Hold and manage all official foreign reserves of Iraq, other than working balances of the Government of Iraq.

c) Hold gold and manage the Government of Iraq reserves of gold.

d) Provide liquidity services to banks.

e) Issue and manage Iraqi currency.

f) Establish, oversee and promote sound and efficient payment systems.

g) Issue licenses or permits to banks and to regulate and supervise banks.

The Bank's head office is located in Baghdad with four branches in Basra, Mosul, Erbil and Sulaymaniyah.

On 13 October 2015, the Bank's Board of Directors and upon the approval of the Prime Minister decided that Sulaymaniyah branch is not subject to the administration and supervision of the Bank and is not considered as part of the Bank's financial system as the Bank does not currently control the administrative and financial operations of this branch, and the Bank does not have any obligations in return for its obligations, since it is part of the administrative, technical and financial system of the Ministry of Finance and Economy of the Kurdistan Regional Government. Consequently, the financial statements of the Central Bank of Iraq as of 31 December 2025 do not include the figures of Sulaymaniyah branch.

On 23 October 2016, the Bank's Board of Directors decided to open new branch in Sulaymaniyah and to be part of the Bank's financial, administrative and technical system. However, the Bank did not announce the official date for opening the new branch until the date of these financial statements.

The financial statements were authorized for issue by the Board of Directors of the Central Bank of Iraq on 7 April 2026.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and in conformity with Central Bank of Iraq Law Number 56 of 2004 as amended. They have been prepared under the assumption that the Bank operates on a going concern basis.

Details of the Bank's material accounting policies are included in note 3.

On the statement of financial position, local assets and liabilities are those which are located within the Republic of Iraq, including Kurdistan Region. Foreign assets and liabilities are those which are located outside of the Republic of Iraq.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Gold reserve measured at fair value through profit or loss;
- Financial assets and liabilities measured at fair value through profit or loss;
- Land and buildings measured at fair value due to adoption of revaluation model in accordance with IAS 16.

2.3 Functional and presentation currency

These financial statements are presented in Iraqi Dinar (IQD), which is the Bank's functional currency. All financial information presented in IQD have been rounded to the nearest million, unless otherwise stated.

Assets and liabilities dominated in currencies other than the functional currency are translated to IQD as per the accounting policy on foreign currency transactions.

2.4 Critical accounting estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management has altered its business operating model to avoid any major disruption in operations and is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The continuation of the Bank's operations is dependent upon its ability to carry out its mandate in the foreseeable future and generate sufficient liquidity to meet its obligations as they fall due.

Business model

In making an assessment of whether a business model's objective is to hold assets in order to collect contractual cash flows, the Bank considers at which level of its business activities such assessment should be made. Generally, a business model is a matter of fact which can be evidenced by the way business is managed and the information provided to management.

In determining whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Bank considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice.
- Management's evaluation of the performance of the portfolio; and
- Management's strategy in terms of earning contractual interest revenues or generating capital gains.

Separation of Sulaymaniyah branch

As disclosed in note (1), on 13 October 2015, following a resolution by the Board of Directors and subsequent approval by the Prime Minister, the Bank formally de-recognized the Sulaymaniyah branch. Under this resolution, the branch is excluded from the Bank's administrative and financial oversight and is not considered part of its integrated financial system. As the branch currently operates under the direct control of the Ministry of Finance and Economy of the Kurdistan Regional Government, the Bank maintains no operational control or financial obligation toward the branch's liabilities. Accordingly, the financial statements for the year ended 31 December 2025 do not include the financial position or results of the Sulaymaniyah branch.

Calculation of loss allowance

When measuring the expected credit losses ("ECL"), the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Bank uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
Bad debts are written off when there is no possibility of recovery.

Details are disclosed in the accounting policy below.

Currency in circulation

When measuring the liability for currency in circulation, the Bank uses professional judgement to estimate the volume of notes and coins held by the public, as physical tracking is not possible once currency leaves the Bank's custody. The Bank uses estimates for the valuation of this liability based on daily reconciliation reports that monitor the inflow and outflow of cash through the banking system. These estimates are further refined by historical data regarding the volume of currency printing and the formal destruction of unfit notes. A key input in this measurement is the assessment of "currency attrition", which accounts for notes that are lost or permanently removed from circulation. This calculation ensures that the statement of financial position reflects a reasonable and supportable estimate of the Bank's present obligation to the public.

Fair value of land and buildings

When measuring the fair value of land and buildings, the Bank utilizes the expertise of an internal valuation committee composed of specialized teams. The Bank uses estimates for the computation of market values based on current market-observable data and supportable forward-looking economic assumptions. While formal revaluation and the corresponding updates to the "Lands and buildings revaluation reserve" are performed every five years, the valuation committee conducts assessments on a yearly basis to test for impairment. This annual review constitutes a key input in ensuring that the carrying amount of property and equipment does not exceed its recoverable amount. Key assumptions used by the committee include capitalization rates, market rent growth, and the highest and best use of the assets, adjusted for depreciation to reflect the remaining service potential of the buildings.

Reassess the useful lives of tangible and intangible assets

A periodic review is performed by the management to reassess the useful lives of tangible and intangible assets for the purpose of annual depreciations and amortizations based on the general condition of the assets and the estimations of the expected useful lives, and any identified impairment is recorded in the statement of income.

Provision for litigation and claims

Legal provision is calculated for any legal liabilities according to the legal counsel's opinions, historical outcomes of similar cases, and expectations of judicial developments. Provisions are only recognized when a present obligation exists and are reversed when the possibility of an outflow is no longer probable.

2.5 Adoption of new and revised standards

In the current year the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments are applied for the first time in 2025, they did not have a material impact on the annual financial statements of the Bank.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2025

1. *Lack of exchangeability (Amendments to IAS 21)*

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The Bank has adopted these amendments.

These amendments do not have a significant impact on the Bank's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Bank.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank

1. *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognized on the ‘settlement date’ and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Bank is currently not intending to early adopt the Amendments.

2. *Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)*

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the accounting and disclosure requirements for contracts referencing nature-dependent electricity, such as wind, solar, and hydro power. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are inherently variable due to their dependence on natural conditions. The changes seek to improve the consistency and comparability of financial statements by clarifying whether such contracts should be treated as financial instruments or executory contracts and how they should be measured. Additionally, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, thereby offering users more relevant and reliable information. This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-dependent electricity contracts.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The Bank is currently not intending to early adopt the Amendments.

3. Annual Improvements to IFRS Accounting Standards—Volume 11

In July 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards—Volume 11*, which includes minor amendments to five standards to clarify wording, correct oversights, or resolve minor conflicts between the requirements of different standards. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.

These amendments are not expected to have a material impact on the Bank's financial statements upon adoption. The Bank is currently not intending to early adopt the Amendments.

4. IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

The Bank is currently not intending to early adopt the Amendments.

5. IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Bank does not meet the eligibility criteria for the primary standard due to its public accountability, these amendments will have no impact on the Bank's financial statements.

6. Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

In September 2024, the IASB issued Amendments to IFRS 19, which updated the standard to ensure the reduced disclosure requirements for eligible subsidiaries remain aligned with the latest developments in other IFRS accounting standards, specifically those introduced by IFRS 18 'Presentation and Disclosure in Financial Statements'. These amendments provide further clarity on how eligible entities should present their financial performance and position when opting for the reduced disclosure framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2027, coinciding with the effective date of the principal standard, with early application permitted. As the Bank does not meet the eligibility criteria for the primary standard due to its public accountability, these amendments will have no impact on the Bank's financial statements.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items are not retranslated and are measured at historic cost, except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

The table below represents the exchange rates for foreign currencies, which are also published on the official website of the Central Bank of Iraq:

Currency	As at 31 December 2025	As at 31 December 2024
USD	1,300.000	1,300.000
EUR	1,527.500	1,345.890
GBP	1,749.215	1,626.430
AUD	867.360	804.310
CNY	185.916	178.099
SDR	1,780.350	1,695.369
AED	353.982	353.973
CHF	1,640.275	1,432.981
JOD	1,836.158	1,834.086
JPY	8.299	8.271

3.2 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Bank becomes a part to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, when the Bank retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement, when the financial asset and all substantial risks and rewards are transferred, or when the control of the financial asset is transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of income.

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Bank does not have any financial assets categorized as FVOCI.

The classification is determined only if both of the following conditions are met:

- The Bank's business model for managing the financial asset and
- The contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Bank’s Balances with central banks, Balances at banks and other financial institutions, financial assets at amortized cost, Loans to governmental and commercial banks, Due from Ministry of Finance and Loans to employees fall into this category of financial instruments.

The details of these conditions are outlined below:

<u>Business model assessment</u>

The Bank determines its business model at the level that best reflects how it manages the financial assets to achieve its objectives.

The Bank’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

<u>The SPPI test</u>

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To perform the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned on instruments designated at fair value through profit or loss is accrued in interest income using the effective interest rate, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at fair value through profit or loss is recorded using contractual interest rate.

The Bank’s Gold reserve fall into this category of financial instruments.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Bank’s financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Bank's financial liabilities include treasury bills issued, deposits of local banks and other financial institutions, due to foreign governments and banks, due to International Monetary Fund, due to governmental institutions and other liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Bank designated financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, except in the rare circumstances when the Bank changes its business model for managing those financial assets. Financial liabilities are never reclassified.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a currently legally enforceable right to set off the recognized amounts, and the Bank intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.3 Impairment of financial assets

Assessment of Significant Increase in Credit Risk (SICR)

To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the banks existing risk management processes.

The assessment of significant increases in credit risk will be performed periodically for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

- The Bank have established thresholds for significant increases in credit risk based on movement in the financial instruments’ PDs relative to initial recognition.
- Restructuring and/or Rescheduling on the financial asset during the assessment period is considered as indicator for SICR.
- Instruments which are 30 days past due have experienced a significant increase in credit risk as per the IFRS 9. According to the methodology issued by the Bank, it is presumed the occurrence of significant increase in credit risk of financial asset with 30 days past due.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39, as mentioned in the “Definition of default” below.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment in cooperation with international expert in this area.

Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

The estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability- weighted estimate that considers the future macroeconomic scenarios information for the next five years.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate). Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Definition of default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used by IFRS 9 steering committee. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due or the obligor is considered unlikely to pay its credit obligations in full.

Expected Life

When measuring ECL, the Bank must consider the maximum period of expected cash flow over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Collective vs individual assessment

The Bank’s policy in determining the shared characteristics (specifications) that credit risks and credit losses have been measured on collective basis or individual basis as follows:

- Balances with central banks: individually at bank level
- Balances at banks and other financial institutions: individually at bank level
- Financial assets at amortized cost: individually at debt instrument level
- Due from Ministry of Finance: individually at debt instrument level
- Loans to governmental and commercial banks: individually at facility level
- Loans to employees: collectively at loan type level (housing loans, loans with maturity of seven years and loans for medical purposes)

The calculation of ECLs

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as “financial instruments”.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss.

The 12 months’ ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12 months' ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment periodically of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Bank recognizes an allowance based on 12 months' ECLs. Stage 1 also includes financial assets where the credit risk has improved and has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes financial assets where the credit risk has improved and has been reclassified from Stage 3.

Stage 3: Financial assets considered credit impaired. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The machinery of the ECL calculations is outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, EADs and LGDs. These scenarios are weighed at 40%, 30%, and 30%, respectively, to derive the final probability-weighted ECL.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method is summarized below:

Stage 1: The 12 months' ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months' ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial assets which are considered credit-impaired, the Bank recognizes the lifetime expected credit losses for that credit exposure. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than Stage 1 and Stage 2.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- Oil price indices
- Financial market performance indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, governmental guarantees, other non- financial assets and credit enhancements.

Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed at a minimum, at inception and re-assessed periodically. However, some collaterals, for example, cash or securities, are valued daily.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expenses.

Modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to enforce collection of collateral). The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by- case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

IFRS 9 committee

To ensure proper compliance of the IFRS 9 implementation, a steering committee was formed consisting of the Director General of Accounting directorate, the Director General of Public Debt directorate and Director General of Investment directorate in addition to the Head of Risk management department with the responsibilities to provide decisions on the work plan regarding implementation and adoption of IFRS 9 to ensure all relevant policies and procedures are updated in line with the new requirements, in addition to present the ECL results to the key management and related Committees of the Board of Directors.

3.4 Impairment of non-financial assets

Impairment of tangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash- generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case any reversal of impairment loss is treated as a revaluation increase.

3.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.6 Gold reserve

Gold reserve is initially recognized at fair value at the date of acquisition, while purchase costs are recorded in the statement of profit or loss upon acquisition. Subsequent to initial recognition, gold is measured at fair value, representing the LBMA Gold Price (PM Fix) as published by Refinitiv and gold market platform as at the reporting date.

The Central Bank of Iraq maintains the gold as part of its foreign reserve management for long-term store of value and liquidity purposes and does not have a present intent to dispose of. Unrealized gains and losses arising from changes in the fair value of gold, including foreign exchange translation effects, are recognized in the statement of profit or loss. The cumulative gain revaluation reserve is disclosed in “Gold revaluation reserve” within the statement of changes in equity.

Realized gains or losses resulting from the disposal of gold are recognized directly in the statement of profit or loss.

3.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, current accounts with central banks, current accounts with local and foreign banks, and short-term deposits with an original maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

3.8 Property, plant and equipment

Property, plant and equipment, except for lands and buildings, held for use are stated in the statement of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Work in progress is stated at cost less accumulated impairment, if any.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized since the date of revaluation. Valuations are performed by internal or external valuers with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Unrealized gain from revaluation of lands and buildings is recorded in other comprehensive income and credited to “lands and buildings revaluation reserve” in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in statement of income, the increase is recognized in statement of income. A revaluation deficit is recognized in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognized in the lands and buildings revaluation reserve.

Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs.

Subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the statement of profit or loss as incurred.

Depreciation is charged to the result for the year or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. Land is not depreciated

The estimated useful lives are as follows:

Buildings	10-30 years
Vehicles	5 years
Computers, furniture and fixtures	3-5 years

The carrying values of premises and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be revocable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the income statement.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss in the year the asset is derecognized.

3.9 Intangible assets

Intangible assets consist of software programs, which are measured at cost less accumulated amortization and impairment losses. Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated life. The estimated useful life of these intangible assets is between 3 to 5 years.

3.10 Other assets

Other assets are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of other assets is established when there is objective evidence that the Bank will not be able to collect all amounts due according to the original terms of the receivables.

3.11 Equity

Share capital represents the nominal value of shares that have been issued as per the Central Bank of Iraq Law of 2004 and its amendments, exclusively owned by the Republic of Iraq, and their ownership cannot be transferred or mortgaged, and no profits are distributed in exchange for these shares.

General and emergency reserves represent undistributable profit from prior years in accordance with Article 5 of Paragraph 4 of the Central Bank of Iraq Law of 2004.

Retained earnings include current year profits (losses) and is subsequently distributed to general and emergency reserves.

Gold revaluation reserve represents the net unrealized gains or losses arising from the periodic re-measurement of gold bullion at current market prices, in accordance with the Bank’s accounting policies and international standards.

Lands and buildings revaluation reserve comprises the cumulative net change in the fair value, representing the surplus of the revalued amount over the historical cost, net of any subsequent depreciation or impairment.

3.12 Currency issued

Currency issued represents the Bank’s liability in respect of Iraqi Dinar banknotes and coins issued as legal tender under the Central Bank of Iraq Law of 2004.

Measurement and Recognition:

The liability is measured at the face value of the currency issued. It is recognized in the Statement of Financial Position when the currency is issued into circulation (when it leaves the Bank's vaults and is delivered to commercial banks or other third parties).

Derecognition:

Banknotes and coins returned to the Bank are deducted from the Currency issued balance upon receipt and verification. Unissued banknotes, as well as those returned and held in the Bank’s vaults for redistribution or destruction, do not represent a liability of the Bank and are not recognized in the financial statements.

Withdrawal and Destruction of Currency:

Banknotes and coins that are found to be unfit for circulation due to wear, tear, or damage are withdrawn from the market and designated for destruction. The Bank applies specific technical criteria to assess the quality and authenticity of returned currency. Once these criteria for destruction are met—typically involving the confirmation of the banknote's "unfit" status and completion of the verification process—the currency is physically destroyed under the supervision of a dedicated committee.

Printing and Minting Costs:

The costs associated with the printing of banknotes and the minting of coins are recognized in the Statement of Profit or Loss in the period in which the costs are incurred.

3.13 Other liabilities

Other liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.14 Provisions

A provision is recognized in the statement of financial position when the Bank has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. If the effect is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.15 Fiduciary assets

The Bank provides custodial and asset management services to the Government of Iraq, local banks and other financial institutions. These assets are held in a fiduciary capacity and are not assets of the Bank; accordingly, they are not recognized in the Statement of Financial Position.

3.16 Net interest income

Interest income and expense for all interest-bearing financial instruments are recognized in "Net interest income" as "Interest income" and "Interest expense" in the statement of profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discount.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e., at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

3.17 Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability (e.g., commissions and fees earned on loans) are included under interest income and expense.

Other fee and commission income, including account servicing fee, transfer commission, branch coordination commission, are recognized as the related services are performed.

4 Gold reserve and gold revaluation reserve

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Gold reserve abroad	30,733,538	17,375,740
Gold reserve at CBI vault	753,950	458,546
Gold coins at CBI vault	5,926	3,604
	31,493,414	17,837,890

The movement on the gold reserve during 2024 and 2025 was as follows:

In millions of IQD	2025	2024
as at 1 January	17,837,890	12,295,447
Gold bullion purchased during the year *	1,764,465	2,050,892
Change in fair value	11,891,059	3,491,551
as at 31 December	31,493,414	17,837,890

* In accordance with the Bank's investment management policy, the Board of Directors of the Central Bank of Iraq authorized the acquisition of additional gold reserves during 2025. Total purchases for the year amounted to 385,857 ounces, with an aggregate cost of USD 1,357 million (equivalent to IQD 1,764,465 million). These acquisitions are measured at fair value in line with the Bank's accounting policy for precious metals.

The movement on the gold revaluation reserve during 2024 and 2025 was as follows:

In millions of IQD	2025	2024
as at 1 January	7,257,567	3,766,016
Gold revaluation gain for the year	11,891,059	3,491,551
as at 31 December	19,148,626	7,257,567

The Gold revaluation reserve experienced a significant increase during 2025, primarily driven by the appreciation of global market prices for gold. In accordance with the Bank’s accounting policy, gold holdings were revalued to the LBMA Gold Price as per Refinitiv at the reporting date.

The following table summarizes the market price per ounce used for the valuation of the Bank’s gold reserves:

In USD	As at 31 December 2025	As at 31 December 2024	Change
Gold price per ounce	4,314.12	2,623.81	64.42%

Unrealized gains arising from this price movement, totaling IQD 11,891,059 million, have been recognized in the statement of profit or loss and subsequently transferred to the Gold Revaluation Reserve within Equity.

5 Cash and balances with central banks

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Cash on hand	1,907,413	2,092,316
Time deposit with Banque de France	12,169,447	13,012,135
Time deposit Bank of England	3,247,045	4,290,762
Current account with Banque de France	40,207	346,925
Current account with Bank of England	4,113	24,129
Current account with Federal Reserve Bank of New York	-	2,698
Current account with People Bank of China	190	13,635
Current account with Central Bank of United Arab Emirates	68	68
Current account with Reserve Bank of Australia	33	7,662
Overnight deposits with Federal Reserve Bank of New York	364,130	2,459,989
	17,732,646	22,250,319

Non-interest bearing, unrestricted and non-impaired deposits are amounted to IQD 44,611 million (2024: IQD 395,117 million).

Interest bearing, unrestricted and non-impaired deposits are amounted to IQD 15,780,622 million (2024: IQD 19,762,886 million).

Unrestricted and non-impaired deposits with maturity more than 3 months are amounted to IQD 11,646,106 million (2024: IQD 12,122,469 million).

Refer to note 30 *Maturity analysis* for a detailed analysis of the contractual maturities.

The table below represents the classification of the balances as per grade and stage:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	17,732,646	-	-	17,732,646
Standard grade	-	-	-	-
Impaired	-	-	-	-
	17,732,646	-	-	17,732,646
Less: allowance for credit losses	-	-	-	-
	17,732,646	-	-	17,732,646

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	22,250,319	-	-	22,250,319
Standard grade	-	-	-	-
Impaired	-	-	-	-
	22,250,319	-	-	22,250,319
Less: allowance for credit losses	-	-	-	-
	22,250,319	-	-	22,250,319

6 Cash and balances with banks and other financial institutions

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Current accounts with foreign banks	3,352,667	1,375,410
Current accounts with local banks	118,208	58,991
Time deposits with foreign banks	25,222,604	28,717,397
Overnight investment accounts with foreign banks	3,655,837	426,052
Frozen and old outstanding deposits with foreign banks *	542,755	515,990
	32,892,071	31,093,840
Allowance for credit losses **	(542,781)	(516,016)
	32,349,290	30,577,824

Non-interest bearing, unrestricted and non-impaired deposits are amounted to IQD 3,470,875 million (2024: IQD 1,434,401 million).

Interest bearing, unrestricted and non-impaired deposits are amounted to IQD 28,878,441 million (2024: IQD 29,143,449 million).

Unrestricted and non-impaired deposits with maturity more than 3 months are amounted to IQD 23,184,314 million (2024: IQD 23,239,284 million).

Refer to note 30 *Maturity analysis* for a detailed analysis of the contractual maturities.

* Restricted and impaired deposits are amounted to IQD 542,755 million (2024: IQD 515,990 million).

The United Nations Security Council (UNSC) decided in its Resolution number 1483 (2003), that all member states in which there are funds or other financial assets or economic resources for the previous Government of Iraq or its state bodies, corporations, or agencies, located outside Iraq as of 22 May 2003 shall freeze those funds or other financial assets or economic resources and immediately cause their transfer to the Development Fund for Iraq (DFI), unless those funds are themselves subject of a prior judicial, administrative, or arbitral lien or judgment.

Some banks did not transfer the balances to the Development Fund for Iraq account, and the balances at the American banks were transferred to the US Treasury. Correspondence with these banks is still ongoing for the purpose of settlement of these balances in the records. Due to the absence of details, the Central Bank of Iraq did not prepare reconciliations of certain frozen and old outstanding balances at foreign banks as at 31 December 2025. A full provision had been booked for these balances.

The table below represents the classification of the balances as per grade and stage:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	32,349,316	-	-	32,349,316
Standard grade	-	-	-	-
Impaired	-	-	542,755	542,755
	32,349,316	-	542,755	32,892,071
Less: allowance for credit losses	(26)	-	(542,755)	(542,781)
	32,349,290	-	-	32,349,290

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	30,577,850	-	-	30,577,850
Standard grade	-	-	-	-
Impaired	-	-	515,990	515,990
	30,577,850	-	515,990	31,093,840
Less: allowance for credit losses	(26)	-	(515,990)	(516,016)
	30,577,824	-	-	30,577,824

** The movement of the allowance for expected credit losses for the year ended 31 December 2025 was as follows:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	26	-	515,990	516,016
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
Adjustments for foreign currency translation	-	-	26,765	26,765
as at 31 December	26	-	542,755	542,781

The increase in the allowance for Stage 3 balances during 2025 is solely attributable to foreign currency translation adjustments totalling IQD 26,765 million, reflecting the revaluation of the underlying foreign currency denominated frozen assets. No additional impairment charges or reversals were recognized during the year.

The movement of the allowance for expected credit losses for the year ended 31 December 2024 was as follows:

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	26	-	530,499	530,525
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
Adjustments for foreign currency translation	-	-	(14,509)	(14,509)
as at 31 December	26	-	515,990	516,016

The decrease in the allowance for Stage 3 balances during 2024 is solely attributable to foreign currency translation adjustments totalling IQD 14,509 million, reflecting the revaluation of the underlying foreign currency denominated frozen assets. No additional impairment charges or reversals were recognized during the year.

7 Financial assets at amortized cost

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Bonds issued by foreign governments and foreign governmental banks	22,264,944	34,888,699
Bonds issued by financial and international institutions	15,853,026	16,823,699
Bonds issued by banks and foreign financial institutions	3,399,200	3,474,328
Sukuk issued by foreign Islamic banks	2,624,485	3,061,569
Allowance for expected credit losses*	(6)	(706)
	44,141,649	58,247,589

The average interest rates on financial assets at amortized cost are between 0.00% and 6.25% maturing between 2026 and 2034 (2024: 0.00% and 4.006% maturing between 2025 and 2034).

Refer to note 30 *Maturity analysis* for a detailed analysis of the contractual maturities.

Financial assets at amortized cost comprise debt securities and fixed-term instruments held by the Bank to fulfill its statutory mandates. These investments comprise the primary component of the Foreign Reserve Portfolio, which consists of high-quality sovereign bonds and debt instruments issued by foreign governments and international financial institutions. These assets are held as part of the Bank's foreign currency reserve management to ensure national liquidity and support the stability of the Iraqi Dinar.

The table below represents the classification of the financial assets as per grade and stage:

In millions of IQD	2025			
Financial assets at amortized cost	Stage 1	Stage 2	Stage 3	Total
High standard grade	44,141,655	-	-	44,141,655
Standard grade	-	-	-	-
Impaired	-	-	-	-
	44,141,655	-	-	44,141,655
Less: allowance for credit losses*	(6)	-	-	(6)
	44,141,649	-	-	44,141,649

In millions of IQD	2024			
Financial assets at amortized cost	Stage 1	Stage 2	Stage 3	Total
High standard grade	58,248,295	-	-	58,248,295
Standard grade	-	-	-	-
Impaired	-	-	-	-
	58,248,295	-	-	58,248,295
Less: allowance for credit losses*	(706)	-	-	(706)
	58,247,589	-	-	58,247,589

* The movement of the allowance for expected credit losses for the year ended 31 December 2025 was as follows:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	706	-	-	706
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	(700)	-	-	(700)
as at 31 December	6	-	-	6

* The movement of the allowance for expected credit losses for the year ended 31 December 2024 was as follows:

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	706	-	-	706
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
as at 31 December	706	-	-	706

8 Loans to governmental and commercial banks

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Loans to governmental banks *	12,288,840	11,489,859
Loans to commercial banks *	1,985,523	2,041,373
Allowance for expected credit losses **	(1,064,528)	(826,071)
	13,209,835	12,705,161

* The table below represents the distribution of the loans as per initiative

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Initiative of financing large projects through governmental banks	11,947,340	11,528,428
Initiative of financing small and medium projects initiative through commercial banks	2,327,023	2,002,804
	14,274,363	13,531,232

The Central Bank of Iraq has launched an initiative to grant specialized and governmental banks loans for financing large-scale projects. These loans carry an annual interest rate not exceeding 1% with maturities ranging from 10 to 15 years, aimed at achieving sustainable economic and social development.

The Central Bank of Iraq has launched a separate initiative with a total fund of 4 trillion Iraqi Dinars for financing small and medium-sized projects. These loans feature low interest rates and administrative margins that do not exceed a combined 1%, with maturities between 5 and 10 years to support economic and social development. Governmental banks have participated in this initiative and receive these loans while implementing the required conditions.

The table below represents the classification of the loans as per grade and stage:

In millions of IQD	2025			
Loans to governmental and commercial banks	Stage 1	Stage 2	Stage 3	Total
High standard grade	12,288,840	-	-	12,288,840
Standard grade	187,440	1,460,783	-	1,648,223
Impaired	-	-	337,300	337,300
	12,476,280	1,460,783	337,300	14,274,363
Less: allowance for credit losses**	(921,178)	(72,663)	(70,687)	(1,064,528)
	11,555,102	1,388,120	266,613	13,209,835

In millions of IQD	2024			
Loans to governmental and commercial banks	Stage 1	Stage 2	Stage 3	Total
High standard grade	11,489,859	-	-	11,489,859
Standard grade	395,358	1,511,855	-	1,907,213
Impaired	-	-	134,160	134,160
	11,885,217	1,511,855	134,160	13,531,232
Less: allowance for credit losses**	(693,548)	(125,031)	(7,492)	(826,071)
	11,191,669	1,386,824	126,668	12,705,161

** The movement of the allowance for expected credit losses for the year ended 31 December 2025 was as follows:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	693,548	125,031	7,492	826,071
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	(34,484)	34,484	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	227,630	(17,884)	28,711	238,457
as at 31 December	921,178	72,663	70,687	1,064,528

** The movement of the allowance for expected credit losses for the year ended 31 December 2024 was as follows:

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	197,718	207,237	2,866	407,821
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	495,830	(82,206)	4,626	418,250
as at 31 December	693,548	125,031	7,492	826,071

9 Due from Ministry of Finance

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Government of Iraq treasury bills*	44,864,660	42,024,222
Due from Ministry of Finance	1,578,314	755,519
	46,442,974	42,779,741

The table below represents the classification of the balance as per grade and stage:

In millions of IQD	2025			
Due from Ministry of Finance	Stage 1	Stage 2	Stage 3	Total
High standard grade	46,442,974	-	-	46,442,974
Standard grade	-	-	-	-
Impaired	-	-	-	-
	46,442,974	-	-	46,442,974
Less: allowance for credit losses**	-	-	-	-
	46,442,974	-	-	46,442,974

In millions of IQD	2024			
Due from Ministry of Finance	Stage 1	Stage 2	Stage 3	Total
High standard grade	42,779,741	-	-	42,779,741
Standard grade	-	-	-	-
Impaired	-	-	-	-
	42,779,741	-	-	42,779,741
Less: allowance for credit losses**	-	-	-	-
	42,779,741	-	-	42,779,741

* The following is a list of treasury bills issued by the Ministry of Finance of the Republic of Iraq, which the Central Bank of Iraq acquired through the secondary market from Al-Rasheed Bank, Al-Rafidain Bank, and the National Pension Agency. These instruments are purchased at a discount to their nominal value and are classified as financial assets at amortized cost under IFRS 9. The difference between the purchase price and the face value represents an unearned discount, which is amortized as interest income over the term to maturity using the effective interest rate method:

In millions of IQD

Bank name	Issuance date	Renewal date	Due date	Interest %	Balance
Al-Rafidain Bank	2015	24-Feb-2025	23-Feb-2026	2.00%	1,000,000
Al-Rafidain Bank	2015	25-Mar-2025	24-Mar-2026	2.00%	2,331,088
Al-Rasheed Bank	2015	29-Mar-2025	28-Mar-2026	2.00%	594,305
Al-Rasheed Bank	2015	10-Nov-2025	9-Nov-2026	5.00%	200,000
Al-Rasheed Bank	2016	24-Jan-2025	23-Jan-2026	5.00%	1,500,000
Al-Rafidain Bank	2016	14-Feb-2025	13-Feb-2026	5.00%	1,500,000
Al-Rasheed Bank	2016	14-Mar-2025	13-Mar-2026	5.00%	1,000,000
Al-Rasheed Bank	2016	29-Oct-2025	28-Oct-2026	5.00%	1,000,000
Al-Rafidain Bank	2016	6-Dec-2025	5-Dec-2026	5.00%	1,000,000
Al-Rafidain Bank	2020	28-Jun-2025	27-Jun-2026	5.00%	500,000
Al-Rafidain Bank	2020	28-Jun-2025	27-Jun-2026	2.00%	500,000
Al-Rasheed Bank	2020	28-Jun-2025	27-Jun-2026	4.00%	450,000
Al-Rasheed Bank	2020	28-Jun-2025	27-Jun-2026	2.00%	500,000
Directorate of Public Pension	2020	28-Jun-2025	27-Jun-2026	2.00%	360,000
Directorate of Public Pension	2020	28-Jun-2025	7-Jun-2026	4.00%	1,690,000
Al-Rafidain Bank	2020	20-Jul-2025	19-Jul-2026	4.00%	450,000
Al-Rafidain Bank	2020	20-Jul-2025	19-Jul-2026	4.00%	134,250
Al-Rasheed Bank	2020	20-Jul-2025	19-Jul-2026	4.00%	134,250
Al-Rafidain Bank	2020	22-Jul-2025	21-Jul-2026	3.00%	2,000,000
Al-Rasheed Bank	2020	22-Jul-2025	21-Jul-2026	3.00%	1,300,000
Al-Rafidain Bank	2020	17-Aug-2025	16-Aug-2026	3.00%	2,000,000
Al-Rasheed Bank	2020	17-Aug-2025	16-Aug-2026	3.00%	3,000,000
Al-Rasheed Bank	2020	15-Nov-2025	14-Nov-2026	2.00%	8,000,000
Al-Rafidain Bank	2020	8-Dec-2025	7-Dec-2026	2.00%	4,000,000
Al-Rafidain Bank	2021	12-Aug-2025	11-Aug-2026	2.00%	1,000,000
Al-Rasheed Bank	2021	16-Aug-2025	15-Aug-2026	2.00%	1,000,000
Al-Rafidain Bank	2021	14-Dec-2025	13-Dec-2026	2.00%	1,000,000
Al-Rasheed Bank	2021	14-Dec-2025	13-Dec-2026	2.00%	1,000,000
Al-Rafidain Bank	2024	7-Nov-2025	6-Nov-2026	4.00%	480,055
Al-Rasheed Bank	2024	7-Nov-2025	6-Nov-2026	4.00%	480,055
Al-Rafidain Bank	2024	30-Dec-2025	29-Dec-2026	4.00%	1,920,219
Al-Rasheed Bank	2025	11-Sep-2025	10-Sep-2026	4.00%	960,110
Al-Rafidain Bank	2025	24-Dec-2025	23-Dec-2026	6.00%	940,164
Al-Rafidain Bank	2025	24-Dec-2025	23-Dec-2026	6.00%	940,164
					44,864,660

** The balance due from the Ministry of Finance represents sovereign debt obligations of the Government of Iraq. In accordance with the Bank's accounting policies and the requirements of IFRS 9 Financial Instruments, the Bank assesses the credit risk and calculates the Expected Credit Loss (ECL) for all financial assets at amortized cost.

Regarding the domestic sovereign debt denominated in Iraqi Dinars, the Bank has determined that the risk of default is negligible. This assessment is based on the Government's sovereign power to meet its domestic currency obligations through its unique statutory authority to manage national fiscal and monetary policy, including the issuance of currency. Consequently, these balances are considered to have a "low credit risk" at the reporting date.

Therefore, , as the probability of a credit loss is considered remote, no allowance for expected credit losses has been recognized for these sovereign balances as at 31 December 2025.

10 Property, plant and equipment

In millions of IQD	Land	Buildings	Projects under construction	Computers, Furniture and Fixtures	Vehicles	Total
Cost						
as at 1 January 2024	323,825	122,490	772,746	56,770	7,258	1,283,089
Additions	-	-	125,955	3,798	5	129,758
as at 31 December 2024	323,825	122,490	898,701	60,568	7,263	1,412,847
as at 1 January 2025	323,825	122,490	898,701	60,568	7,263	1,412,847
Additions	51,258	34,172	99,368	2,534	-	187,332
as at 31 December 2025	375,083	156,662	998,069	63,102	7,263	1,600,179
Accumulated depreciation						
as at 1 January 2024	-	12,888	-	49,778	4,132	66,798
Charge for the year	-	7,344	-	2,316	446	10,106
as at 31 December 2024	-	20,232	-	52,094	4,578	76,904
as at 1 January 2025	-	20,232	-	52,094	4,578	76,904
Charge for the year	-	6,752	-	2,098	379	9,229
as at 31 December 2025	-	26,984	-	54,192	4,957	86,133
Carrying amount						
as at 31 December 2024	323,825	102,258	898,701	8,474	2,685	1,335,943
as at 31 December 2025	375,083	129,678	998,069	8,910	2,306	1,514,046

11 Intangible assets

In millions of IQD	Computer Software	Total
Cost		
as at 1 January 2024	65,945	65,945
Additions	-	-
as at 31 December 2024	65,945	65,945
as at 1 January 2025	65,945	65,945
Additions	1,032	1,032
as at 31 December 2025	66,977	66,977
Accumulated amortization		
as at 1 January 2024	31,178	31,178
Charge for the year	14,040	14,040
as at 31 December 2024	45,218	45,218
as at 1 January 2025	45,218	45,218
Charge for the year	15,316	15,316
as at 31 December 2025	60,534	60,534
Carrying amount		
as at 31 December 2024	20,727	20,727
as at 31 December 2025	6,443	6,443

12 Other assets

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Interest receivable	3,618,021	2,828,087
Loans to employees	285,032	277,751
Accrued revenue	210,961	166,552
Advances on acquisition of property and equipment	16,494	25,364
Golden coins for sale	4,117	4,171
Others	49,882	37,211
Allowance for expected credit losses *	(13)	(12)
	4,184,494	3,339,124

The table below represents the classification of the balance as per grade and stage:

In millions of IQD	2025			
Other financial assets	Stage 1	Stage 2	Stage 3	Total
High standard grade	3,618,021	-	-	3,618,021
Standard grade	495,993	-	-	495,993
Impaired	-	-	-	-
	4,114,014	-	-	4,114,014
Less: allowance for credit losses	(13)	-	-	(13)
	4,114,001	-	-	4,114,001

In millions of IQD	2024			
Other financial assets	Stage 1	Stage 2	Stage 3	Total
High standard grade	2,828,087	-	-	2,828,087
Standard grade	444,303	-	-	444,303
Impaired	-	-	-	-
	3,272,390	-	-	3,272,390
Less: allowance for credit losses	(12)	-	-	(12)
	3,272,378	-	-	3,272,378

The movement of the allowance for expected credit losses for the year ended 31 December 2025 was as follows:

In millions of IQD	2025			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	12	-	-	12
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	1	-	-	1
as At 31 December	13	-	-	13

The movement of the allowance for expected credit losses for the year ended 31 December 2024 was as follows:

In millions of IQD	2024			
	Stage 1	Stage 2	Stage 3	Total
as at 1 January	3,236	-	-	3,236
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
Adjustments for foreign currency translation	(3,224)	-	-	(3,224)
as At 31 December	12	-	-	12

Advances on the acquisition of property and equipment, gold coins held for sale, and others are not subject to an allowance for Expected Credit Losses (ECL) since they do not represent a contractual right to receive cash and are classified as non-financial assets

13 Capital

According to Article 5 of the Central Bank of Iraq Law of 2004 and its amendment issued on 2 January 2018, the declared capital of CBI shall be IQD 1,000,000 million. The Republic of Iraq exclusively owns the shares of the Central Bank in full, and their ownership cannot be transferred or mortgaged, and no profits are distributed in exchange for these shares.

On 19 May 2022, CBI’s Board of Directors based on the approval of Minister of Finance, decided to increase the capital of the Bank to 5,000,000 million where increase was transferred from the general reserve.

On 22 January 2023, CBI’s Board of Directors based on the approval of Minister of Finance, decided to increase the capital of the Bank to 10,000,000 million where increase was transferred from the general reserve.

There were no changes in the capital for the years 2024 and 2025.

14 General and emergency reserves

According to Article 5 paragraph 4 of the Central Bank of Iraq Law of 2004, the Central Bank of Iraq shall hold a general reserve account, an unrealized profit reserve account and any other reserves in line with International Financial Reporting Standards.

In its general assembly held on 31 March 2024, the Board of Directors of the Central Bank of Iraq has approved the transfer of the accumulated losses of the year 2023 an amount of IQD 5,239,956 million to general reserve

In its general assembly held on 25 March 2025, the Board of Directors of the Central Bank of Iraq has approved the distribution of the profit of the year 2024 an amount of IQD 5,903,432 million as per Article 8 paragraph 2 of the Central Bank of Iraq Law of 2004 as follows:

- 80% allocated to the general reserve for an amount of IQD 4,722,746 million
- 20% allocated to the emergency reserve for an amount of IQD 1,180,686 million

15 Land and buildings revaluation reserve

Effective 31 December 2017, the Bank voluntarily changed its accounting policy for the subsequent measurement of land and buildings from the cost model to the revaluation model to provide more transparent and market-aligned valuations. In accordance with IAS 16 Property, Plant and Equipment, these assets are carried at their revalued amounts, representing fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

As at 31 December 2025, the cumulative unrealized gain resulting from these revaluations amounted to IQD 346,119 million. This surplus has been recognized in Other Comprehensive Income and is held within the Land and Buildings Revaluation Reserve in the equity section of the Statement of Financial Position.

For the year ended 31 December 2025, management performed an assessment to identify potential indicators of impairment in accordance with IAS 36 Impairment of Assets. Based on this review, which considered both internal and external factors, including current market conditions and the physical condition of the assets, no indicators of impairment were identified. Consequently, the carrying value of the land and buildings continues to reflect their fair value as at the reporting date.

16 Retained earnings

According to Article 6 of the Central Bank of Iraq Law of 2004, within three months after the end of each financial year, the Bank shall determine its net profits available for distribution or its net losses. If the Bank incurs a net operating loss for any financial year, that loss shall first be charged to the general reserve and subsequently to Capital. In a period of three months after the end of each financial year, the Board shall distribute the net profits available for distribution as follows:

- 80% of any profits available for distribution shall be transferred to the general reserve account until this reserve reaches a sum equal to 10% of the total assets of the Bank.
- Any remaining net profits available for distribution shall be transferred to emergency reserve.

As at 31 December 2025, the General reserve amounted to IQD 11,033,063 million which is still below 10% of total assets.

17 Currency issued

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Banknotes	99,798,657	100,543,204
	99,798,657	100,543,204

According to Article 32 of the Central Bank of Iraq Law of 2004, the Bank has the sole right to issue currency for circulation in Iraq. Currency issued represents a non-interest-bearing liability of the Bank and is recorded as per the accounting policy at the face value of the banknotes and coins issued to the public and financial institutions.

The total currency in circulation is backed by the full value of the Bank's assets, consisting primarily of high-quality foreign reserves and gold reserve, ensuring the integrity and stability of the national currency in accordance with the Central Bank of Iraq Law.

18 Deposits of local banks and other financial institutions

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Current accounts	21,604,958	23,799,596
Compulsory reserves of local banks *	5,923,884	13,346,980
Time deposit	6,499,492	6,960,237
Due to Sulaymaniyah branch **	11,364	48,454
	34,039,698	44,155,267

* According to the Central Bank of Iraq regulations, all banks operating in Iraq should maintain a compulsory reserve at Central Bank of Iraq equivalent to 18% of the total of their customers' current accounts in Iraqi Dinar and other foreign currencies except USD (2024: equivalent to 15%), 20% of the total of their customers' current accounts in US Dollars (2024: equivalent to 15%) and equivalent to 10% of the total of their customers' saving and time deposits (2024: equivalent to 10%). The compulsory reserves of local banks at the Central Bank of Iraq in Iraqi Dinar amounted to IQD 4,322,415 million as at 31 December 2025 (2024: IQD 10,826,664 million), in USD amounted to USD 1,091,909,195 equivalent to IQD 1,419,482 million (2024: balance in USD amounted to USD 1,798,695,101 equivalent to IQD 2,338,304 million), and in Euro amounted to EUR 119,140,093 equivalent to IQD 181,986 million (2024: balance in EUR amounted to EUR 135,235,989 equivalent to IQD 182,013 million). Compulsory reserve represents a non-interest-bearing liability.

** These balances due to Sulaymaniyah branch are presented separately since they are not subject to the management and supervision of the Central Bank of Iraq and are not considered as part of the Bank's financial system.

19 Due to foreign governments and banks

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Overdraft accounts	28,135	23,732
Due to foreign governments and financial institutions	9	9
Others	25,596	27,652
	53,740	51,393

20 Due to international monetary fund

	2025		2024	
	SDR	millions of IQD	SDR	millions of IQD
IMF securities	-	-	-	-
IMF No. 1 Account including Currency Valuation Adjustments	-	-	-	-
IMF No. 2 Account including Currency Valuation Adjustments	12,580	22	12,580	22
	12,580	22	12,580	22

On 13 August 2023 according to the approval of the Governor, Central Bank of Iraq derecognized the IMF accounts which comprise liabilities in the form of securities account and IMF accounts number (1) and kept IMF account (2) in the balance sheet.

21 Due to governmental institutions

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Due to Ministry of Finance	2,451,572	7,174,879
Due to other governmental institutions	455,939	710,076
	2,907,511	7,884,955

22 Other liabilities

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Dormant accounts	245,209	217,687
Accounts payable	151,886	50,838
Interest payable	29,338	23,541
Others	182,629	89,682
	609,062	381,748

23 Interest income

In millions of IQD	Year ended 31 December 2025	Year ended 31 December 2024
Financial assets at amortized cost	1,940,650	2,171,915
Due from Ministry of Finances	1,302,886	1,245,673
Balances at banks	1,793,227	2,590,546
Loans granted to local banks	32,825	38,400
Overnight deposits	256,921	378,853
Others	28,285	44,773
	5,354,794	6,470,160

24 Net fees and commission income

In millions of IQD	Year ended 31 December 2025	Year ended 31 December 2024
Fee and commission income	825,651	1,007,086
Fee and commission expense	(1,563)	(22,783)
	824,088	984,303

25 General and administrative expenses

In millions of IQD	Year ended 31 December 2025	Year ended 31 December 2024
Currency printing and shipping expenses	25,353	6,977
Subscriptions	9,532	2,820
Maintenance	8,448	3,080
Insurance	6,307	10,569
Contributions to others	4,547	4,791
Professional and consultations fees	4,166	18,582
Traveling expenses	3,134	2,856
Training expenses	2,042	1,491
General communication and internet	490	38
Fuel expense	436	534
Transportation	148	402
Others	2,500	85
Subsidies	110,283	6,854
	177,386	59,079

26 Cash and cash equivalents

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Cash and balances with central banks	17,732,646	22,250,319
Current accounts with foreign banks	3,352,667	1,375,410
Current accounts with local banks	118,208	58,991
Overnight investment accounts with foreign banks	3,655,837	426,052
Time deposits with foreign banks	25,222,604	28,717,397
Less: Deposit with maturities more than 3 months	(34,830,420)	(35,361,753)
	15,251,542	17,466,416

27 Taxes

According to Article 44 of the Central Bank Law of 2004, the CBI is exempted from taxes on income or profit and certain other taxes and customs as stated in the Law.

28 Related parties

The Central Bank of Iraq is a state-owned entity that engages in transactions with governmental banks, ministries, and other state institutions in the ordinary course of business. These transactions are conducted at prevailing commercial interest and commission rates.

Related party balances are mainly denominated in Iraqi Dinar and are not subject to interest except for the due from Ministry of Finance and Government of Iraq Treasury bills.

A summary of related party balances and transactions included in the financial statements is presented below:

Related parties' balances are as follows:

Due from related parties

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Current accounts with local banks	118,208	58,991
Loans to governmental banks	11,368,172	10,797,290
Due from Ministry of Finance	1,578,314	755,519
Government of Iraq treasury bills	44,864,660	42,024,222
Other assets	2,436,978	1,221,426
	60,366,332	54,857,448

Due to related parties

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Treasury bills issued	-	60,000
Deposits of governmental banks	14,599,635	30,563,573
Due to Ministry of Finance	2,451,572	7,174,879
Due to other governmental institutions	455,939	710,076
	17,507,146	38,508,528

Related parties' transactions during the year are as follows:

In millions of IQD	Year ended 31 December 2025	Year ended 31 December 2024
Interest income from Ministry of Finance	1,302,886	1,245,673
Interest expense on treasury bills issued	31,671	88,728
Interest expenses on governmental banks deposits	149,467	164,337
Interest expenses on overnight investment for MOF	65,464	287,747

29 Financial risk management

Overview

The Bank has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Bank has a risk management department that manages the Investment Directorate’s operational and financial risks which the Investment Directorate is to a certain extent exposed to. A detailed risk management program was developed. This program includes a general risk management framework which involves identifying, analyzing, measuring, evaluating, and monitoring risk, evaluating performance, and monitoring the compliance with the limits and standards set for the risks. The Bank also has drafted procedures to deal with financial risks represented by investment guidelines issued by the board of directors which sets limits and standards for dealing with these risks and allows the management of these risks within the limits and levels set forth in these principal guidelines, as well as monitoring cases of exposure to risk to determine if that exposure extends beyond the acceptable limits. For the purpose of assessing the strengths and weaknesses in performances, the standards set by the risk management unit for dealing with operational and financial risks faced by the Investment Directorate, are reviewed on a regular basis according to the prevailing macroeconomic conditions and the possible effects of financial and macroeconomic shocks, and corrective measures are taken to mitigate these effects

a) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Bank. The Bank is exposed to credit risk from financial assets including balances at central banks, balances at banks and other financial institutions, financial assets at amortized cost, loans to governmental and commercial banks, due from Ministry of Finance and other assets.

The maximum exposure to credit risk is represented by the carrying amounts of the following financial instruments net of the credit risk allowances:

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Financial assets at carrying amount		
Balances with central banks	15,825,233	20,158,003
Balances at banks and other financial institutions	32,349,290	30,577,824
Financial assets at amortized cost	44,141,649	58,247,589
Loans to governmental and commercial banks	13,209,835	12,705,161
Due from Ministry of Finance	46,442,974	42,779,741
Other assets	4,163,433	3,309,002
	156,132,414	167,777,320

Balances with central banks and foreign banks

The Central Bank of Iraq is exposed to credit risk regarding deposits with foreign and correspondent banks. These institutions are selected based on credit ratings assigned by Fitch, Moody’s, and Standard & Poor’s (S&P). To manage this risk, the Board of Directors establishes exposure limits based on these ratings; specifically, deposits are restricted to banks with a credit rating of A- or higher. These ratings are continuously monitored, and any deviation from the established limits is reported to the Investment Committee for immediate corrective action.

The table below presents the credit ratings of the banks to which the Bank has exposure, as issued by Fitch, Moody’s, and S&P:

	Credit rating		
As at 31 December 2025	Fitch	Moody's	S&P
Central Banks			
Bank of England	AA-	Aa3	AA
Banque de France	A+	Aa3	A+
Central Bank of the United Arab Emirates	AA-	Aa2	AA
Federal Reserve Bank of New York	AA+	Aaa	AA+
People's Bank of China	A+	A1	A+
Reserve Bank of Australia	AAA	Aaa	AAA
International financial institutions			
Arab Monetary Fund	AA-	Aa2	AA
Bank for International Settlements	AAA	/	/
Euroclear	AA	/	AA
Other foreign banks			
First Abu Dhabi Bank	AA-	Aa3	AA-
Citibank, N.A.	A+	Aa3	A+
DBS Bank Ltd (Formerly Development Bank of Singapore)	AA-	Aa1	AA-
JPMorgan Chase Bank, N.A.	AA-	Aa1	A+
Mizhuo Bank, Ltd.	A	A1	/
MUFG Bank, Ltd	A	A1	A+
National Bank of Kuwait	A+	A1	A+
Qatar National Bank (QNB)	/	Aa3	/
Raiffeisen Bank International	/	A1	A-
Standard Chartered Bank	A+	A1	A+

Financial assets at amortized cost

The Bank utilizes long-term credit ratings from Fitch, Moody’s, and S&P to mitigate investment risk. In accordance with the Bank's risk management policy, all eligible issuers of securities must maintain a minimum credit rating of A- (or its equivalent) from all three major agencies. The Risk Management Department performs daily monitoring of these ratings to ensure continued compliance with the Bank’s established investment criteria.

The credit ratings for the treasury securities that are held by the Bank for 2025 are as follows according to Fitch, Moody’s, and S&P credit rating agencies:

	Credit rating		
As at 31 December 2025	Fitch	Moody's	S&P
Asian Development Bank	AAA	Aaa	AAA
Asian Infrastructure Investment Bank (AIIB)	AAA	Aaa	AAA
Bank for International Settlements	AAA	/	/
Bank of England	AA-	Aa3	AA
Caisse d'Amortissement de la Dette Sociale (CADES)	A+	Aa3	A+
European Bank for Reconstruction and Development	AAA	Aaa	AAA
European Investment Bank	AAA	Aaa	AAA
International Bank for Reconstruction and Development (World Bank)	AAA	Aaa	AAA
Islamic Development Bank	AAA	Aaa	AAA
JPMorgan Chase Bank, N.A.	AA-	Aa1	A
Kreditanstalt für Wiederaufbau (KfW)	AAA	Aaa	AAA
MUFG Bank, Ltd	A	A1	A+
Norges Bank	/	/	AAA
People's Bank of China	A+	A1	A+
U.S. Department of the Treasury	AA+	Aaa	AA+

Loans to governmental and commercial banks

For banks participating in the Bank's development initiatives to finance small, medium, and large projects: The Central Bank of Iraq grants credit facilities in the form of very low-interest loans for the purpose of contributing to the economic and social development in Iraq. The Central Bank of Iraq grants these loans to banks with good financial solvency after studying their ability to pay and studying the projects for which these loans will be granted.

The Central Bank of Iraq provides 3 types of banking facilities to the local banks that are experiencing liquidity shortages, and they are the following:

- Primary credit facilities
- Secondary credit facilities
- Last resort facilities

In order to hedge the risk of defaulting on payment, the Bank imposes the following conditions to reduce the likelihood of this type of risk:

- Submitting real estate or securities as collateral.
- The maximum loan period is 90 days.
- In case a bank requests the last resort loan, the Ministry of Finance needs to guarantee the payment in case the bank defaults.

Due from Ministry of Finance

The amount due from the Ministry of Finance is considered a sovereign debt and hence the credit risk is considered minimal.

Concentration risk

Concentration risk occurs when a bank's exposure is heavily weighted toward a group of counterparties with shared characteristics, such as the same industry, geographic region, or economic profile. These shared traits mean that a single economic, political, or market shift could simultaneously impair the ability of all such counterparties to meet their contractual obligations.

Concentration indicates the relative sensitivity of the Bank's performance towards the developments affecting a particular industry or geographic location.

While the Bank's operations are geographically concentrated within Iraq, its financial position includes significant exposure to foreign jurisdictions through international assets and liabilities.

To mitigate this risk, the Central Bank of Iraq (CBI) employs a diversification strategy, distributing its international exposure across a broad range of global financial institutions as follows:

In millions of IQD	As at 31 December 2025	As at 31 December 2024
Bank or Institution		
U.S. Department of the Treasury	13,796,549	26,017,405
Bank for International Settlements	13,609,491	16,988,110
Banque de France	12,209,654	13,359,060
Arab Monetary Fund	5,315,320	7,838,088
JPMorgan Chase Bank, N.A.	4,282,906	1,021,653
Bank of England	3,900,846	4,964,989
European Investment Bank	2,879,259	2,448,247
Islamic Development Bank	2,494,810	2,931,996
International Bank for Reconstruction and Development (IBRD)	2,430,744	2,360,805
Standard Chartered Bank	2,208,170	1,217,255
MUFG Bank, Ltd	2,182,763	2,814,691
Kreditanstalt für Wiederaufbau (KfW)	1,914,700	1,871,772
Asian Development Bank	1,686,548	1,793,025
DBS Bank Ltd.	1,464,929	1,793,532
Asian Infrastructure Investment Bank (AIIB)	1,334,125	1,306,883
First Abu Dhabi Bank PJSC	1,333,601	1,079,464
Norges Bank	1,290,627	1,236,304
Qatar National Bank (Q.P.S.C.)	1,274,830	-
National Bank of Kuwait	1,137,500	-
European Bank for Reconstruction and Development (EBRD)	1,107,168	1,108,080
Caisse d'Amortissement de la Dette Sociale (CADES)	1,094,629	1,090,336
Government of Canada	844,116	837,804
Citibank, N.A.	745,295	635,555
Japan Bank for International Cooperation	731,958	724,045
African Development Bank	710,354	703,193
International Finance Corporation	450,622	647,099
Federal Reserve Bank of New York	364,129	2,462,689
Other Banks	9,402,353	9,673,077
	92,197,996	108,925,157

The following table summarizes the distribution of assets, liabilities, and associated revenues by geographic location as at 31 December 2025 and 31 December 2024:

In millions of IQD	Iraq	Foreign countries	Total
As at 31 December 2025			
Revenue	2,168,764	4,019,083	6,187,847
Total assets	66,960,988	124,113,803	191,074,791
Total liabilities	137,354,928	53,762	137,408,690

In millions of IQD	Iraq	Foreign countries	Total
As at 31 December 2024			
Revenue	2,365,179	5,118,677	7,483,856
Total assets	61,187,496	127,906,822	189,094,318
Total liabilities	153,117,568	51,414	153,168,982

b) Liquidity risk

Liquidity risk is the risk that the Central Bank of Iraq will be unable to meet its obligations when they fall due.

In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfill lending commitments.

The Central Bank of Iraq takes into consideration the following criteria to avoid those risks:

- The party issuing securities is rated A- or above.
- The extent of the financial instruments to be easily liquidated without incurring loss on the investment.
- The term of the deposits does not exceed a year.
- The value of reserves invested in term deposits for each bank must not exceed USD 10 billion.

There is an arrangement between the Central Bank of Iraq and the Ministry of Finance that enables the Bank to improve its liquidity in foreign currencies through the financing of the Ministry of Finance needs of local currency in exchange of US Dollars.

The following table details the Banks's remaining contractual maturity for its non-derivative financial liabilities:

In millions of IQD			2025		
	Carrying amount	Contractual cash flows	1 year or less	More than 1 year	Without maturity
Currency issued	99,798,657	99,798,657	-	-	99,798,657
Deposits of local banks and other financial institutions	34,039,698	34,039,698	34,039,698	-	-
Due to foreign governments and banks	53,740	53,740	53,740	-	-
Due to International Monetary Fund	22	22	22	-	-
Due to governmental institutions	2,907,511	2,907,511	2,907,511	-	-
Other liabilities	609,062	609,062	363,853	-	245,209
	137,408,690	137,408,690	37,364,824	-	100,043,866

In millions of IQD			2024		
	Carrying amount	Contractual cash flows	1 year or less	More than 1 year	Without maturity
Currency issued	100,543,204	100,543,204	-	-	100,543,204
Treasury bills issued	152,393	152,393	152,393	-	-
Deposits of local banks and other financial institutions	44,155,267	44,155,267	44,155,267	-	-
Due to foreign governments and banks	51,393	51,393	51,393	-	-
Due to International Monetary Fund	22	22	22	-	-
Due to governmental institutions	7,884,955	7,884,955	7,884,955	-	-
Other liabilities	381,748	381,748	164,061	-	217,687
	153,168,982	153,168,982	52,408,091	-	100,760,891

c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk is comprised of interest rate risk and currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amount of assets and liabilities.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands.

The average interest rates on financial assets at amortized cost were between 0.00% and 6.25% during the year 2025 (2024: 0.00% and 4.006%).

The interest rates on time deposits were between 1.30% and 4.85% during the year 2025 (2024: 1.30%-4.91%).

The interest rates on overnight deposits were between 1.46% and 4.85% during the year 2025 (2024: 1.50% and 4.85%)

Foreign exchange risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates, and the risk of reduction in the value of the Bank's reserve in foreign exchange.

In order to avoid this risk, the Central Bank of Iraq depends on diversifying its foreign currency reserves according to best international practices and standards in this field that define the limits and parameters for each currency reserve and the weight of each major currency in the global economy.

The risk management department and investment committee review these components and weights to measure deviations from the basic standards for currencies and take the required corrective measures to return to the basic standards. The Bank's weighted currency asset portfolio consists of the following:

	Weighted average	
	2025	2024
Iraqi Dinar	50.04%	40.38%
US Dollar	44.53%	54.14%
Euro	4.12%	4.61%
GBP	0.54%	0.41%
Others	0.77%	0.47%

The tables below shows the exposure to foreign currency exchange risk as at 31 December 2025 is as follows:

In millions of IQD As at 31 December 2025	IQD	US Dollar	EUR	GBP	Other	Total
Assets						
Gold reserve	31,493,414	-	-	-	-	31,493,414
Cash and balances with central banks	-	13,382,250	4,312,440	32,746	5,210	17,732,646
Balances at banks and other financial institutions	-	30,724,448	914,597	55	710,190	32,349,290
Financial assets at amortized cost	-	39,790,994	2,624,898	976,803	748,954	44,141,649
Loans to governmental and commercial banks	13,209,835	-	-	-	-	13,209,835
Due from Ministry of Finance	46,442,974	-	-	-	-	46,442,974
Property, plant and equipment	1,514,046	-	-	-	-	1,514,046
Intangible assets	6,443	-	-	-	-	6,443
Other assets	2,948,151	1,175,155	27,250	22,081	11,857	4,184,494
Total assets	95,614,863	85,072,847	7,879,185	1,031,685	1,476,211	191,074,791
Liabilities and equity						
Currency issued	99,798,657	-	-	-	-	99,798,657
Deposits of local banks and other financial institutions	22,442,395	6,763,091	4,834,212	-	-	34,039,698
Due to foreign governments and banks	25,605	3,589	24,546	-	-	53,740
Due to International Monetary Fund	22	-	-	-	-	22
Due to governmental institutions	1,782,077	1,125,088	346	-	-	2,907,511
Other liabilities	458,192	141,725	9,145	-	-	609,062
Total liabilities	124,506,948	8,033,493	4,868,249	-	-	137,408,690
Equity	53,666,101	-	-	-	-	53,666,101
Total liabilities and equity	178,173,049	8,033,493	4,868,249	-	-	191,074,791
Net position	(82,558,186)	77,039,354	3,010,936	1,031,685	1,476,211	-

The tables below shows the exposure to foreign currency exchange risk as at 31 December 2024 is as follows:

In millions of IQD As at 31 December 2024	IQD	US Dollar	EUR	GBP	Other	Total
Assets						
Gold reserve	17,837,890	-	-	-	-	17,837,890
Cash and balances with central banks	-	17,147,452	5,021,597	45,819	35,451	22,250,319
Balances at banks and other financial institutions	-	29,360,624	753,926	302	462,972	30,577,824
Financial assets at amortized cost	-	53,991,704	2,737,145	704,074	814,666	58,247,589
Loans to governmental and commercial banks	12,705,161	-	-	-	-	12,705,161
Due from Ministry of Finance	42,779,741	-	-	-	-	42,779,741
Property and equipment, net	1,335,943	-	-	-	-	1,335,943
Intangible assets, net	20,727	-	-	-	-	20,727
Other assets	1,671,948	1,607,162	30,847	17,796	11,371	3,339,124
Total assets	76,351,410	102,106,942	8,543,515	767,991	1,324,460	189,094,318
Liabilities and equity						
Currency issued	100,543,204	-	-	-	-	100,543,204
Treasury bills issued	152,393	-	-	-	-	152,393
Deposits of local banks and other financial institutions	32,358,817	6,455,254	5,341,196	-	-	44,155,267
Due to foreign governments and banks	27,661	2,105	21,627	-	-	51,393
Due to International Monetary Fund	22	-	-	-	-	22
Due to governmental institutions	4,305,956	3,578,701	298	-	-	7,884,955
Other liabilities	328,649	34,700	18,399	-	-	381,748
Total liabilities	137,716,702	10,070,760	5,381,520	-	-	153,168,982
Equity	35,925,336	-	-	-	-	35,925,336
Total liabilities and equity	173,642,038	10,070,760	5,381,520	-	-	189,094,318
Net position	(97,290,628)	92,036,182	3,161,995	767,991	1,324,460	-

Sensitivity analysis:

The Bank’s financial position is sensitive to fluctuations in foreign exchange rates. The Central Bank of Iraq maintains a portfolio of foreign-denominated assets to ensure monetary stability and provide a shield against inflation. Consequently, a strengthening of foreign currencies against the IQD results in an increase in the valuation of foreign assets.

As at 31 December 2025, a 1% change in exchange rates would have increased (decreased) the Bank's net position as follows:

In millions of IQD As at 31 December 2025	Assets	Liabilities	Net position
Foreign exchange rates +1%	960,027	129,018	831,009
Foreign exchange rates -1%	(960,027)	(129,018)	(831,009)

As at 31 December 2024, a 1% change in exchange rates would have increased (decreased) the Bank's net position as follows:

In millions of IQD As at 31 December 2024	Assets	Liabilities	Net position
Foreign exchange rates +1%	1,132,597	154,523	978,074
Foreign exchange rates -1%	(1,132,597)	(154,523)	(978,074)

The Bank’s financial position is also sensitive to fluctuations in gold market prices. Consequently, a change in the gold prices results in a change of the gold reserve.

As at 31 December 2025, a 1% change in gold market price would have increased (decreased) the Bank's net position as follows:

In millions of IQD As at 31 December 2025	Assets	Liabilities	Net position
Gold market price +1%	314,934	-	314,934
Gold market price -1%	(314,934)	-	(314,934)

As at 31 December 2024, a 1% change in exchange rates would have increased (decreased) the Bank's net position as follows:

In millions of IQD As at 31 December 2024	Assets	Liabilities	Net position
Gold market price +1%	178,379	-	178,379
Gold market price -1%	(178,379)	-	(178,379)

30 Maturity analysis

The following tables present the maturity analysis and interest rate risk profile of the Bank’s assets and liabilities. The balances are categorized based on their remaining contractual maturity and further classified into interest-bearing and non-interest-bearing instruments to reflect the Bank's liquidity position and exposure to yield fluctuations.

The liquidity gap analysis of assets and liabilities based on contractual maturities as at 31 December 2025 is as follows:

In millions of IQD	2025						
	On demand	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Without maturity	Total
Assets							
Gold reserve	-	-	-	-	-	31,493,414	31,493,414
Cash and balances with central banks	1,952,024	7,058,779	3,503,468	5,218,375	-	-	17,732,646
Balances at banks and other financial institutions	3,470,875	13,178,841	6,782,934	8,916,640	-	-	32,349,290
Financial assets at amortized cost	-	2,670,571	3,262,353	1,089,868	37,118,857	-	44,141,649
Loans to governmental and commercial banks	-	154,916	98,252	382,138	12,574,529	-	13,209,835
Due from Ministry of Finance	-	8,948,188	4,200,000	32,939,267	355,519	-	46,442,974
Property, plant and equipment	-	-	-	-	-	1,514,046	1,514,046
Intangible assets	-	-	-	-	-	6,443	6,443
Other assets	-	2,532,576	358,745	359,568	367,132	566,473	4,184,494
Total assets	5,422,899	34,543,871	18,205,752	48,905,856	50,416,037	33,580,376	191,074,791
Liabilities							
Currency issued	99,798,657	-	-	-	-	-	99,798,657
Deposits of local banks and other financial institutions	27,540,206	6,499,492	-	-	-	-	34,039,698
Due to foreign governments and banks	53,740	-	-	-	-	-	53,740
Due to International Monetary Fund	22	-	-	-	-	-	22
Due to governmental institutions	2,907,511	-	-	-	-	-	2,907,511
Other liabilities	334,515	29,338	-	-	-	245,209	609,062
Total liabilities	130,634,651	6,528,830	-	-	-	245,209	137,408,690
Total equity	-	-	-	-	-	53,666,101	53,666,101
Total liabilities and equity	130,634,651	6,528,830	-	-	-	53,911,310	191,074,791
Item gap	(125,211,752)	28,015,041	18,205,752	48,905,856	50,416,037	(20,330,934)	-

The liquidity gap analysis of assets and liabilities based on contractual maturities as at 31 December 2024 is as follows:

In millions of IQD	2024						
	On demand	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Without maturity	Total
Assets							
Gold reserve	-	-	-	-	-	17,837,890	17,837,890
Cash and balances with central banks	2,487,433	12,823,115	3,563,584	3,376,187	-	-	22,250,319
Balances at banks and other financial institutions	1,434,401	13,085,633	6,994,789	9,063,001	-	-	30,577,824
Financial assets at amortized cost	-	3,997,500	6,244,589	8,949,277	39,056,223	-	58,247,589
Loans to governmental and commercial banks	-	1,361,267	1,361,267	2,722,534	7,260,093	-	12,705,161
Due from Ministry of Finance	-	7,925,393	4,200,000	30,098,829	555,519	-	42,779,741
Property, plant and equipment	-	-	-	-	-	1,335,943	1,335,943
Intangible assets	-	-	-	-	-	20,727	20,727
Other assets	-	752,389	470,796	1,004,293	600,609	511,037	3,339,124
Total assets	3,921,834	39,945,297	22,835,025	55,214,121	47,472,444	19,705,597	189,094,318
Liabilities							
Currency issued	100,543,204	-	-	-	-	-	100,543,204
Treasury bills issued	-	152,393	-	-	-	-	152,393
Deposits of local banks and other financial institutions	37,195,030	6,960,237	-	-	-	-	44,155,267
Due to foreign governments and banks	51,393	-	-	-	-	-	51,393
Due to International Monetary Fund	22	-	-	-	-	-	22
Due to governmental institutions	7,884,955	-	-	-	-	-	7,884,955
Other liabilities	140,520	23,541	-	-	-	217,687	381,748
Total liabilities	145,815,124	7,136,171	-	-	-	217,687	153,168,982
Total equity	-	-	-	-	-	35,925,336	35,925,336
Total liabilities and equity	145,815,124	7,136,171	-	-	-	36,143,023	189,094,318
Item gap	(141,893,290)	32,809,126	22,835,025	55,214,121	47,472,444	(16,437,426)	-

The following table reflect interest rate gap analysis by the earlier of contractual re-pricing or maturity date as at 31 December 2025:

In millions of IQD	2025						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non-interest bearing items	Total
Assets							
Gold reserve	-	-	-	-	-	31,493,414	31,493,414
Cash and balances with central banks	2,819,116	4,239,663	3,503,468	5,218,375	-	1,952,024	17,732,646
Balances at banks and other financial institutions	6,070,614	7,108,227	6,782,934	8,916,640	-	3,470,875	32,349,290
Financial assets at amortized cost	1,098,222	1,572,349	3,262,353	1,089,868	37,118,857	-	44,141,649
Loans to governmental and commercial banks	89,946	64,970	98,252	382,138	12,574,529	-	13,209,835
Due from Ministry of Finance	2,522,795	6,425,393	4,200,000	32,939,267	355,519	-	46,442,974
Property, plant and equipment	-	-	-	-	-	1,514,046	1,514,046
Intangible assets	-	-	-	-	-	6,443	6,443
Other assets	2,102,144	430,432	358,745	359,568	367,132	566,473	4,184,494
Total assets	14,702,837	19,841,034	18,205,752	48,905,856	50,416,037	39,003,275	191,074,791
Liabilities							
Currency issued	-	-	-	-	-	99,798,657	99,798,657
Deposits of local banks and other financial institutions	-	6,499,492	-	-	-	27,540,206	34,039,698
Due to foreign governments and banks	-	-	-	-	-	53,740	53,740
Due to International Monetary Fund	-	-	-	-	-	22	22
Due to governmental institutions	2,451,572	-	-	-	-	455,939	2,907,511
Other liabilities	-	29,338	-	-	-	579,724	609,062
Total liabilities	2,451,572	6,528,830	-	-	-	128,428,288	137,408,690
Total equity	-	-	-	-	-	53,666,101	53,666,101
Total liabilities and equity	2,451,572	6,528,830	-	-	-	182,094,389	191,074,791
Item gap	12,251,265	13,312,204	18,205,752	48,905,856	50,416,037	(143,091,114)	-
Accumulated gap	12,251,265	25,563,469	43,769,221	92,675,077	143,091,114	-	-

The following table reflect interest rate gap analysis by the earlier of contractual re-pricing or maturity date as at 31 December 2024:

In millions of IQD	2024						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non-interest bearing items	Total
Assets							
Gold reserve	-	-	-	-	-	17,837,890	17,837,890
Cash and balances with central banks	4,544,938	8,278,177	3,563,584	3,376,187	-	2,487,433	22,250,319
Balances at banks and other financial institutions	8,596,292	4,489,341	6,994,789	9,063,001	-	1,434,401	30,577,824
Financial assets at amortized cost	195,000	3,802,500	6,244,589	8,949,277	39,056,223	-	58,247,589
Loans to governmental and commercial banks	680,633	680,634	1,361,267	2,722,534	7,260,093	-	12,705,161
Due from Ministry of Finance	1,500,000	6,425,393	4,200,000	30,098,829	555,519	-	42,779,741
Property, plant and equipment	-	-	-	-	-	1,335,943	1,335,943
Intangible assets	-	-	-	-	-	20,727	20,727
Other assets	376,194	376,195	470,796	1,004,293	600,609	511,037	3,339,124
Total assets	15,893,057	24,052,240	22,835,025	55,214,121	47,472,444	23,627,431	189,094,318
Liabilities							
Currency issued	-	-	-	-	-	100,543,204	100,543,204
Treasury bills issued	152,393	-	-	-	-	-	152,393
Deposits of local banks and other financial institutions	-	6,960,237	-	-	-	37,195,030	44,155,267
Due to foreign governments and banks	-	-	-	-	-	51,393	51,393
Due to International Monetary Fund	-	-	-	-	-	22	22
Due to governmental institutions	7,174,879	-	-	-	-	710,076	7,884,955
Other liabilities	-	23,541	-	-	-	358,207	381,748
Total liabilities	7,327,272	6,983,778	-	-	-	138,857,932	153,168,982
Total equity	-	-	-	-	-	35,925,336	35,925,336
Total liabilities and equity	7,327,272	6,983,778	-	-	-	174,783,268	189,094,318
Item gap	8,565,785	17,068,462	22,835,025	55,214,121	47,472,444	(151,155,837)	-
Accumulated gap	8,565,785	25,634,247	48,469,272	103,683,393	151,155,837	-	-

31 Fair value measurement of financial instruments

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The Bank provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31.1 Fair value measurement of financial instruments measured at fair value

The Bank revalues its gold reserves and financial assets held at Fair Value Through Profit or Loss (FVTPL) at the end of each reporting period. The following table provides details on the valuation techniques and significant observable inputs used to determine these fair values:

	Fair value			
In millions of IQD	2025	2024	Fair value level	Method of valuation and observable inputs
Gold reserve	31,493,414	17,837,890	Level 1	Based on price quotations in financial markets
Market price per ounce in USD	4,314.12	2,623.81		

31.2 Fair value measurement of financial instruments not measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy as at 31 December 2025.

In millions of IQD	Carrying amount			Fair value			
As at 31 December 2025	Amortized costs	Amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Cash and balances with central banks	17,732,646	-	17,732,646	-	17,732,646	-	17,732,646
Balances at banks and other financial institutions	32,349,290	-	32,349,290	-	32,349,290	-	32,349,290
Financial assets at amortized cost	44,141,649	-	44,141,649	44,141,649	-	-	44,141,649
Loans to governmental and commercial banks	13,209,835	-	13,209,835	-	13,209,835	-	13,209,835
Due from Ministry of Finance	46,442,974	-	46,442,974	-	46,442,974	-	46,442,974
Other assets	4,163,433	-	4,163,433	-	3,828,982	334,451	4,163,433
	158,039,827	-	158,039,827	44,141,649	113,563,727	334,451	158,039,827
Financial liabilities not measured at fair value							
Currency issued	-	99,798,657	99,798,657	-	99,798,657	-	99,798,657
Deposits of local banks and other financial institutions	-	34,039,698	34,039,698	-	34,039,698	-	34,039,698
Due to foreign governments and banks	-	53,740	53,740	-	53,740	-	53,740
Due to International Monetary Fund	-	22	22	-	22	-	22
Due to governmental institutions	-	2,907,511	2,907,511	-	2,907,511	-	2,907,511
Other liabilities	-	609,062	609,062	-	29,338	579,724	609,062
	-	137,408,690	137,408,690	-	136,828,966	579,724	137,408,690

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy as at 31 December 2024.

In millions of IQD	Carrying amount			Fair value			
As at 31 December 2024	Amortized costs	Amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Cash and balances with central banks	22,250,319	-	22,250,319	-	22,250,319	-	22,250,319
Balances at banks and other financial institutions	30,577,824	-	30,577,824	-	30,577,824	-	30,577,824
Financial assets at amortized cost	58,247,589	-	58,247,589	58,247,589		-	58,247,589
Loans to governmental and commercial banks	12,705,161	-	12,705,161	-	12,705,161	-	12,705,161
Due from Ministry of Finance	42,779,741	-	42,779,741	-	42,779,741	-	42,779,741
Other assets	3,309,002	-	3,309,002		2,994,639	314,363	3,309,002
	169,869,636	-	169,869,636	58,247,589	111,307,684	314,363	169,869,636
Financial liabilities not measured at fair value							
Currency issued	-	100,543,204	100,543,204	-	100,543,204	-	100,543,204
Treasury bills issued	-	152,393	152,393	-	152,393	-	152,393
Deposits of local banks and other financial institutions	-	44,155,267	44,155,267	-	44,155,267	-	44,155,267
Due to foreign governments and banks	-	51,393	51,393	-	51,393	-	51,393
Due to International Monetary Fund	-	22	22	-	22	-	22
Due to governmental institutions	-	7,884,955	7,884,955	-	7,884,955	-	7,884,955
Other liabilities	-	381,748	381,748	-	23,541	358,207	381,748
	-	153,168,982	153,168,982	-	152,810,775	358,207	153,168,982

32 Changes in liabilities arising from financing activities

In millions of IQD	2025		
	Treasury bills issued	Due to International Monetary Fund	Total
as at 1 January	152,393	22	152,415
Repayment of treasury bills	(152,393)	-	(152,393)
Foreign currency translation	-	-	-
as at 31 December	-	22	22

In millions of IQD	2024		
	Treasury bills issued	Due to International Monetary Fund	Total
as at 1 January	149,507	22	149,529
Treasury bills issued	2,886	-	2,886
Foreign currency translation	-	-	-
as at 31 December	152,393	22	152,415

33 Accounts managed on behalf of the MOF

The Central Bank maintains records of cash payments and receipts for the Development Fund for Iraq (DFI), which was established in May 2003 and recognized by UN Security Council Resolution 1483 of 2003. The DFI's bank accounts are managed by the Central Bank of Iraq on behalf of the Ministry of Finance and are included as part of the CBI's accounting records.

To avoid the lifting of the DFI's immunity due to the expiration of the US presidential order protecting Iraqi assets, on May 27, 2014, the balance of the DFI account was transferred to the CBI's account at the Federal Reserve Bank of New York. A second account was opened at the Federal Reserve Bank of New York to deposit oil shipments, reclaimed funds, and frozen assets, under the name "Iraq 2”. At the same time, a corresponding current account was opened for the Ministry of Finance to record the amounts deposited in this account.

The Central Bank of Iraq also maintains records of cash payments and receipts related to the economic agreement signed between the Iraqi government and the Chinese government. The bank accounts for this agreement are managed by the Central Bank of Iraq on behalf of the Ministry of Finance outside the accounting records of the Central Bank of Iraq.

34 Commitments and contingent liabilities

Various parties have filed lawsuits in various countries against the Central Bank of Iraq (CBI) to settle outstanding debts owed by ministries and institutions affiliated with the Iraqi government, in its capacity as Iraq's representative, amounting to IQD 1,324,568 million (2024: IQD 1,350,290 million).

Based on the Ministry of Finance's letter No. 744 dated May 12, 2019, the institutions involved in the foreign lawsuits will bear the consequences of these lawsuits, not the CBI.

35 Off-Balance sheet

On October 13, 2015, the Board of Directors of the Central Bank of Iraq decided to cancel recognition of all International Monetary Fund accounts (assets and liabilities) from its records and that these accounts be managed outside the budget on the basis that these accounts belong to the Ministry of Finance.

On May 26, 2016, the Central Bank returned some IMF accounts to the Central Bank's accounting records. These accounts consist of assets represented by the subscription share and liabilities represented by Special Drawing Rights guarantees and IMF accounts No. (1) and (2).

On August 13, 2023, the Central Bank re-excluded all IMF accounts (except IMF Account No. 2) from the Central Bank's records to off-balance sheet accounts.

The process of removing the IMF accounts from the Bank's records and transferring them to the records of the Ministry of Finance was supported by an agreement signed between the Central Bank of Iraq and the Ministry of Finance.

The IMF accounts of the Ministry of Finance and managed outside the Central Bank of Iraq's statement of financial position as at 31 December 2025, consist of reserves available at the IMF in the amount of SDR 289,950,000 (2024: SDR 289,950,000), IMF holdings of SDR 235,146,092 (2024: SDR 93,123,971), and SDR allocations in the amount of SDR 2,729,172,979 (2024: SDR 2,729,172,979).

The Ministry of Finance issued receivables in favor of the International Monetary Fund for the IMF guarantees and valuation differences accounts for the IMF balances as at April 30, 2023, amounting to 2,423,982 million Iraqi dinars. As for the IMF account No. (1), amounting to 7,361 million Iraqi dinars, it is not considered among the receivables issued by the Ministry of Finance and instead was recorded outside the records of the Central Bank of Iraq in its capacity as the financial agent of the Iraqi government.

36 Comparative figures

Some of the comparative figures for the year 2024 have been reclassified to correspond with those of 31 December 2025 presentation. The reclassification did not have any effect on profit or equity for the year 2024.

37 Subsequent events

In March 2026, a significant military escalation occurred in the Middle East, impacting regional stability and global supply chains. While the direct fiscal impact of oil export disruptions pertains to the Ministry of Finance, these developments may influence the Central Bank's monetary policy. Potential risks include increased inflationary pressures on imported goods and heightened demand for foreign currency in the local market. The Bank is closely monitoring these events to ensure the continued stability of the Iraqi Dinar and the adequacy of foreign exchange reserves to meet market requirements during this period of uncertainty.

Subsequent to the balance sheet date of 31 December 2025, the global market price of gold has experienced significant appreciation. At certain points up to March 2026, the fair value of the Bank's gold reserves has increased by approximately 15.7% compared to the carrying value reported at year-end. This increase is a non-adjusting subsequent event reflecting post-year-end market conditions; however, it indicates a potentially significant impact on the total value of the Bank's foreign international reserves.